

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)	
WATER SERVICE RATES OF THE MUNICIPAL)	CASE NO. 96-277
WATER SYSTEM OF THE CITY OF ASHLAND,)	
KENTUCKY)	

O R D E R

On May 6, 1996, the Municipal Water System of the City of Ashland, Kentucky, ("Ashland") submitted proposed revisions to its existing rate for wholesale water service to Cannonsburg Water District ("Cannonsburg"). Ashland proposed that its increased rate become effective on and after September 20, 1996. On May 21, 1996, the Commission notified Ashland, by letter, that it was required to file a copy of its notice to Cannonsburg and to provide proof of publication of its public notice. Ashland filed this information on June 10, 1996.

In the meantime, on May 23, 1996, Cannonsburg filed a letter requesting that the Commission investigate Ashland's proposed rate. Cannonsburg stated that its opposition to the increase is based on Ashland not increasing rates to its "in-city" customers. This letter was treated as a motion to intervene, and Cannonsburg was granted full intervention by Order of the Commission on June 19, 1996. In the same Order, the Commission, finding that further proceedings were necessary to determine the reasonableness of the proposed rate revision, suspended that rate for five months and

directed Ashland to submit the information required by 807 KAR 5:001, Section 10, within 30 days. To date, this information has not been received by the Commission.

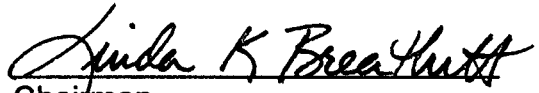
IT IS THEREFORE ORDERED that:

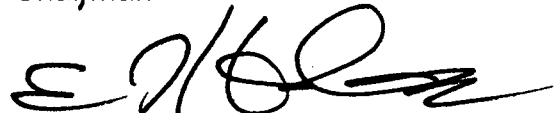
1. Within 30 days of the date of this Order, Ashland shall submit the information required by 807 KAR 5:001, Section 10, or this case shall be dismissed without prejudice. To the extent that Ashland considers any of the requirements of this regulation to be onerous or inapplicable, it may petition for a deviation from them.


2. In addition, within 60 days of the date of this Order, Ashland shall submit a cost-of-service study in support of its proposed rate revision. The cost-of-service study shall be based on a methodology generally accepted within the industry and on test year expenses.

Done at Frankfort, Kentucky, this 6th day of August, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director